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ABSTRACT

Although studies of the labour market have concentrated on employment and unemployment, there have been few Australian studies of job search experiences. This study focused on the methods used by people to obtain jobs. It examined the hypothesis that informal job-seeking methods are more likely to lead to employment and that most jobs are obtained without prior knowledge of the vacancy. The data for the study were derived from the Australian Bureau of Statistics' monthly labour force survey of households (published and unpublished data). In the 12 months from July 1985 to June 1986, some 1.6 million individuals had started a new job. At least 29 percent of the jobs resulted from approaches made without prior knowledge that the job was available. Friends and relatives accounted for some 17 percent of placements, and in 20 percent of cases, the employer approached the job seeker, bringing the proportion of informal methods to at least 66 percent. There were statistically significant differences between employed and unemployed job seekers in approaches to or from employers. Occupational, age, and seasonal differences also were evident. (Author)

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The Ecology of Job-Finding in Australia¹

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ABSTRACT

Although studies of the labour market have concentrated on employment and unemployment, there have been few Australian studies of job search experiences. This report focused on the methods used by people to obtain jobs. It examined the hypothesis that informal job-seeking methods are more likely to lead to employment, and that most jobs are obtained without prior knowledge of the vacancy. The data for this report were derived from the Australian Bureau of Statistics' monthly labour force survey of households (published and unpublished data). In the twelve months to June 1986, some 1.6 million individuals had started in a new job. At least 29% of jobs resulted from approaches made without prior knowledge that the job was available. Friends and relatives accounted for some 17% of placements and in 20% of cases the employer approached the job-seeker, bringing the proportion of informal methods to at least 66%. There were statistically significant differences between employed and unemployed job seekers in approaches to or from employers. Occupational, age and seasonal differences were also evident.

¹Paper presented at the Annual Conference of the Australian Psychological Society Australian National University, Canberra 1987.

ECOLOGY OF JOB-FINDING IN AUSTRALIA

Although studies of the labour market have concentrated on employment and unemployment there have been few Australian studies of job search experiences. As a result, little is known about the methods used by people to obtain jobs. Knowledge of this process could improve the efficiency of the labour market so that more people can gain entry into the available employment.

The strength of the labour market has been assessed by the level of unemployment, the participation rate, the number of advertised vacancies and other supply-demand measures. However, these are economic rather than behavioural approaches. They assume that on the supply side (i.e. the job market) there is an identifiable or measurable number of jobs. Recent research on job-finding challenges this assumption, and points to the existence of an informal labour market of unknown proportion, one which is more widely accessed by individuals than previously thought.

For instance, Granovetter (1974) indicated that almost 70% of all jobs that were gained were not advertised. Azrin and his colleagues (Azrin, Flores & Kaplan, 1975) have devised successful job hunting strategies that focus on the informal labour market. Lathrop (1977) and Bolles (1985) have cited evidence

that the size of the job market is not known, and that most jobs are obtained without prior knowledge of the vacancy through established agencies. Recent Australian studies (Murphy 1986, Murphy & Athanasou, 1987) have also supported these findings. Murphy (1986) reported that amongst school leavers, 5.5% found a job through the Commonwealth Employment Service, while 62.7% found jobs with direct approaches or the assistance of friends and relatives.

If further evidence on individuals' methods of obtaining jobs was available, then it would be possible to have a better understanding of the ecology of the Australian job market, and to structure job-finding techniques to maximise employment opportunities. The purpose of this report is to provide some background information on job search experience. It was hypothesised that informal methods of job attainment would prevail. However, consideration was also given to determine whether there were significant differences in job attainment between those who were out of work prior to starting a job (i.e unemployed) and those who changed employers in order to start a job.

The data for this study were derived from the monthly labour force survey of households by the Australian Bureau of Statistics. The survey is based on a sample of about 35,000 dwellings and covers about two-thirds of one per cent of the population of

Australia. It includes all persons aged 15 and over, with some exceptions such as defence personnel. Persons who had commenced a job during the year were asked about the way they attained the job. Results of the survey were published by the Australian Bureau of Statistics (Catalogue No 6245.0) as 'Successful and unsuccessful job search experience, Australia' - June, 1986. Reference is also made to a previous survey 'Methods of obtaining jobs, Australia' - July 1982. The method of job attainment was based on answers to the question 'How did you find out that particular job was available?' This report is based on both published and unpublished data from that survey.

Results

In the twelve months to June 1986 there were some 1,685,600 individuals who had started in a job during the year and another 581,600 who had looked for jobs.

Method of job attainment

The available evidence indicated that at least 29% of jobs resulted from approaches made without prior knowledge that the job was available. Referral through friends and relatives accounted for some 17% of placements, and in 20% of cases the employer approached the job-seeker, bringing the proportion of informal approaches to at least 66% (see Figure 1).

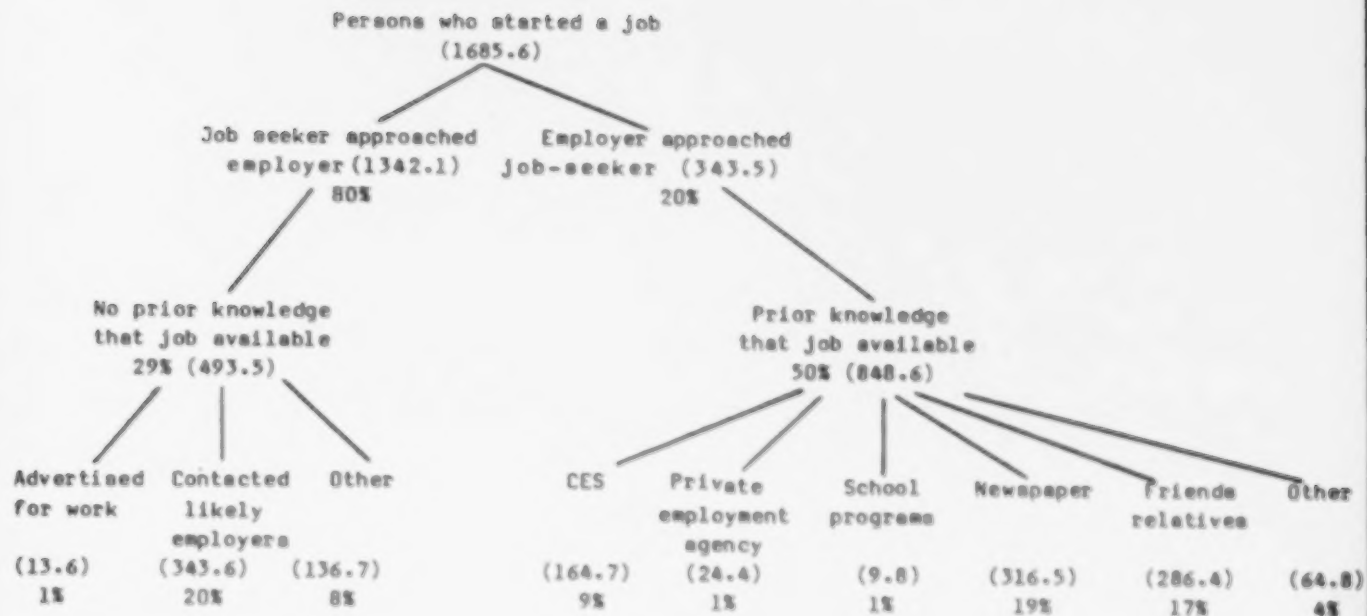


Figure 1: Methods of obtaining jobs (N = 1,685,600)

Method of job attainment and employment status prior to starting a job

Most people who had started a job were unemployed (55.8%) and were more likely to approach an employer than someone already employed. Almost one-third (31.1%) of the unemployed had no prior knowledge that a job was available, compared to 26.8% of those who were employed. There were also significant differences in the proportions of the groups who used specific job-finding techniques (see Table 1). In particular there was a statistically significant difference in approaches to employers. ($\chi^2(1) = 17.3$ $p < 0.001$) Those who were unemployed were more likely to have approached an employer (83.2%), whereas employers were more likely to have approached those people already employed (25%). The differences between those who were employed and unemployed were consistent over a four year period between the surveys of job search experience in 1982 and 1986.

Table 1 Job-finding Approaches and Employment Status

Job-Finding Approaches	1986		1982	
	Unemployed	Employed	Unemployed	Employed
Advertised for work	0.7%	0.8%	1.4%	1.1%
Contacted likely employers	21.8%	18.5%	24.7%	20.3%
Employment service (CES)	12.1%	4.3%	10.0%	2.3%
Private employment agency	1.2%	1.7%	1.4%	1.7%
School	*	0.8%	0.8%	*
Newspaper advertisements	16.9%	21.1%	17.1%	20.2%
Friends, relatives	17.8%	15.8%	17.9%	14.7%
Employer approaches	16.7%	24.9%	15.5%	29.0%
Other	12.2%	11.5%	3.0%	3.3%

Occupational Differences

The methods of job-finding also varied with the type of occupation obtained (see Table 2). Professional and technical staff mainly utilised newspapers, direct contacts with employers, and received approaches from employers. Administrative, executive and managerial workers obtained work largely as a result of employer approaches. Clerical staff relied mainly on newspaper advertisements, while sales staff tended to contact employers directly or were approached by employers.

Rural employees obtained employment mostly through employer approaches. Transport workers contacted or were approached by employers and used friends or relatives to obtain jobs. These three methods also featured in the area of trades and service occupations.

Age Differences

Analysis of the data on age and the method of obtaining a job indicated that younger workers relied more on direct approaches to employers. For instance 85.4% of 15-19 year olds approached employers compared to 59.2% of those aged 55 and over. On the other hand, approaches by employers to job-seekers increased with age from 14.5% among teenagers to 40.4% among the 55 and over group.

Table 2 Job attainment methods and occupation in job when started

Job-Finding Approaches	Professional technical etc	Admini- strative executive and managerial	Clerical	Sales	Farmers fisher- persons and timber- getters	Trans- port and com- muni- cation	Trades and pro- duction- process workers and labourers	Service sport and recreat- tion
Advertised for work	*	*	*	*	*	*	*	*
Contacted likely employers	21%	9%	15%	23%	19%	23%	22%	24%
Employment service	*	*	10%	6%	9%	11%	13%	7%
Private employment agency	2%	*	4%	*	*	*	*	*
School	*	*	*	*	*	*	*	*
Newspaper advertisements	25%	28%	25%	18%	8%	15%	15%	15%
Friends, relatives	12%	*	12%	17%	19%	21%	21%	21%
Employer approaches	15%	38%	15%	11%	8%	*	10%	11%

All percentages rounded

Time of Starting a Job

Analysis of the recruitment patterns July 1985 - May 1986 for jobs indicated that the period June to August had markedly lower intakes. February had the most job-starts (13.1%) over a 12 - month period, and June the least (3.1%). The monthly job-intakes are indicated in Figure 2.

Agencies

The role of the national employment service (Commonwealth Employment Services - CES) to job-seekers was indicated by the fact that only, 17,000, that is, 1% of job-seekers were helped by the CES to get a job in some way. This is despite the fact that 146,698 (8.7%) had prior knowledge through the CES that the job was available. Although the CES helped around 1% of job-seekers in each age group (except 55 and over), there was a consistent decline across ages in the role of the CES. Prior knowledge through the CES that the job was available declined from 12% (15-19 years) to 4.1% (55 and over).

Persons ('000)

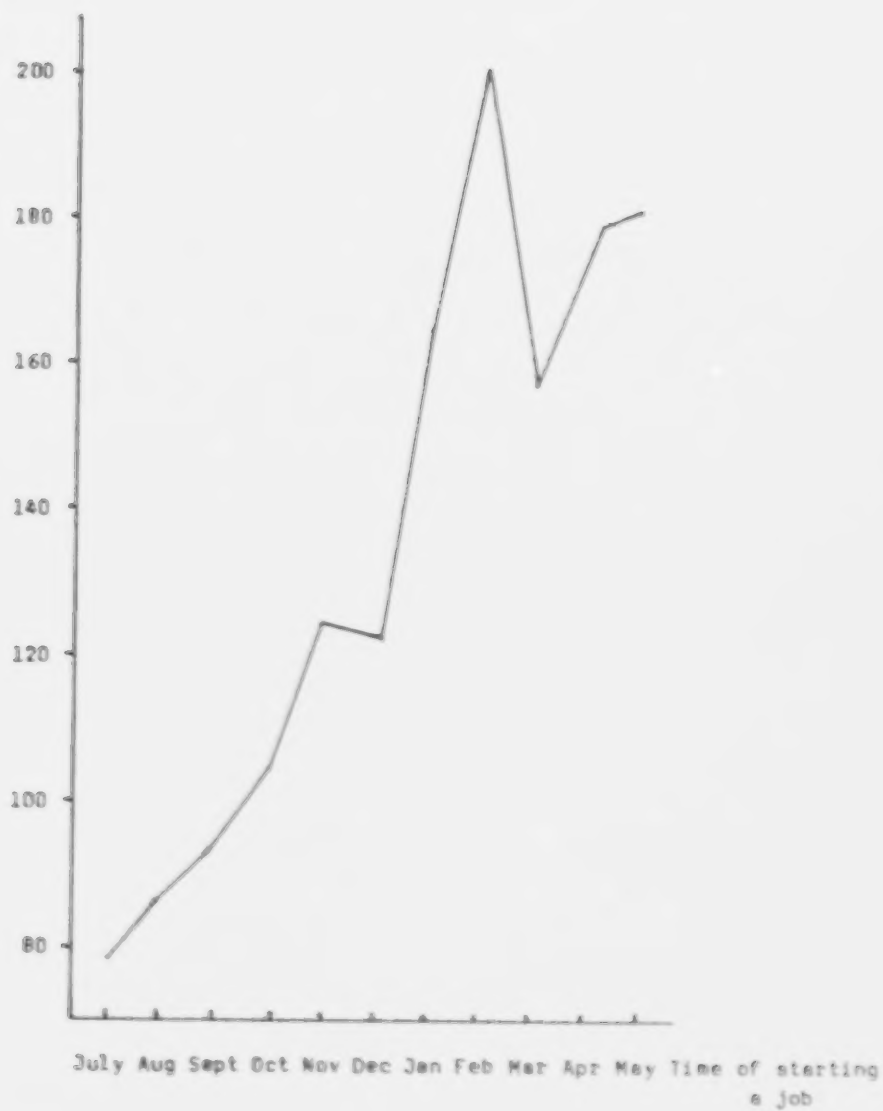


Figure 2 Time of starting a job (July 1985-May 1986) - Three monthly moving average

Private employment agencies and school programs each accounted only for 1% of placements in 1986. The combined effect of CES school programs and private agencies would be a maximum 11% of placements.

Discussion and Conclusions

The available evidence indicates that informal methods of job-seeking prevail in Australia. The use of formal mechanisms, such as the CES private agencies and school programs was not a major factor in job-finding. Furthermore, these are linked to demographic factors such as age. Seasonal factors such as peak recruiting periods as well as occupational characteristics obviously impinge on the success of job-finding.

There has been little change in the pattern of informal job-finding from 1982 to 1986. In 1982, referral through friends and relatives accounted for 17% of cases, employer approaches some 19%, and 32% of jobs resulted in approaches made without prior knowledge. This brought the proportion of informal approaches to around 68%, compared to 66% in 1986.

The evidence from this analysis of the ABS data supports the approaches advocated in the job-finding clubs developed by Azrin et al. (1975). These clubs were predicated on the assumption that placement was a

function of structured use of the labour market with special attention to the informal job market. Results from studies of job-finding clubs in Australia (e.g Athanasou, 1980; Athanasou and Hickey, 1986) support the view that attempts to use informal approaches lead to high rates of job placement.

Traditional or economic models of the job search process which focus on supply and demand, have not always considered this informal nature of job-finding. For instance, labour market programs, careers advice etc are delivered almost entirely through agencies. Many approaches to teaching job seeking skills have not emphasised the effectiveness of informal approaches. Finally, this data supports the view that social and personal factors are major determinants of success in the labour market.

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